

A large American flag is shown waving in the wind against a clear blue sky. The flag is the central focus of the image, with its red and white stripes and blue field with white stars clearly visible. The text is overlaid on the upper portion of the flag.

**ENHANCED USE LEASING  
A GOOD DEAL  
FOR  
EVERYONE**



# TODAY'S OBJECTIVES

- Objective #1 Familiarize participants with property leasing theory and applicable regulatory guidance
- Objective #2 Participants gain experience by reviewing ongoing actions and lessons learned
- Objective #3 Familiarize participants with the EUL process

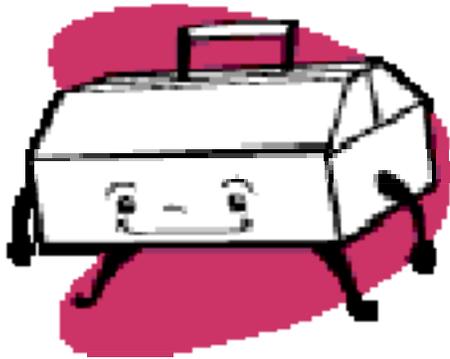


## Enhanced Use Leasing

# POLICY STATEMENT



Garrison Commanders should choose Enhanced Use Leasing (EUL) over the status quo for modernizing non-excess facilities. EUL is an important tool for leasing available non-excess real property for cash or in-kind consideration.





## Enhanced Use Leasing

# AUTHORITY - TITLE 10 USC 2667



- 2001 National Defense Authorization Act enhanced this out-leasing authority
- Military services may now out-lease available non-excess real property and receive cash back and/or “In-kind consideration” **equal to no less than the Fair Market Value** of the property
- Cash payments to be divided 50/50 between garrison and Army
- Garrison retains 100% of all in-kind consideration



## Enhanced Use Leasing

# REGULATORY GUIDANCE

- Title 10 USC 2667
- Title 16 USC 470h
- AR 405-80 Management of Title and Granting Use of Real Property
- AR 405-90 Disposal of Real Estate
- EUL Handbook





## Enhanced Use Leasing

# INTRODUCTION



- Every garrison seems to have a shortfall for funding
- EUL provides a tool for installations to make up some of the shortfall
- EUL has minimal pitfalls and requires modest initial investment by the garrison
- Garrison realizes special dividends from historic property



## Enhanced Use Leasing

# EXPERIENCE TO DATE



### EXECUTED LEASES

- Fort Sam Houston
- Fort Leonard Wood
- Walter Reed Army Medical Center



### DEVELOPER SELECTED

- Fort Bliss
- Picatinny Army Arsenal
- Fort Monmouth (2)
- Walter Reed Army Medical Center
- Aberdeen Proving Ground
- Fort Detrick

### IN THE QUEUE

- Fort Meade, Fort Campbell,  
Aberdeen Proving Ground, Fort Belvoir

# Brooke Army Medical Center (BAMC)



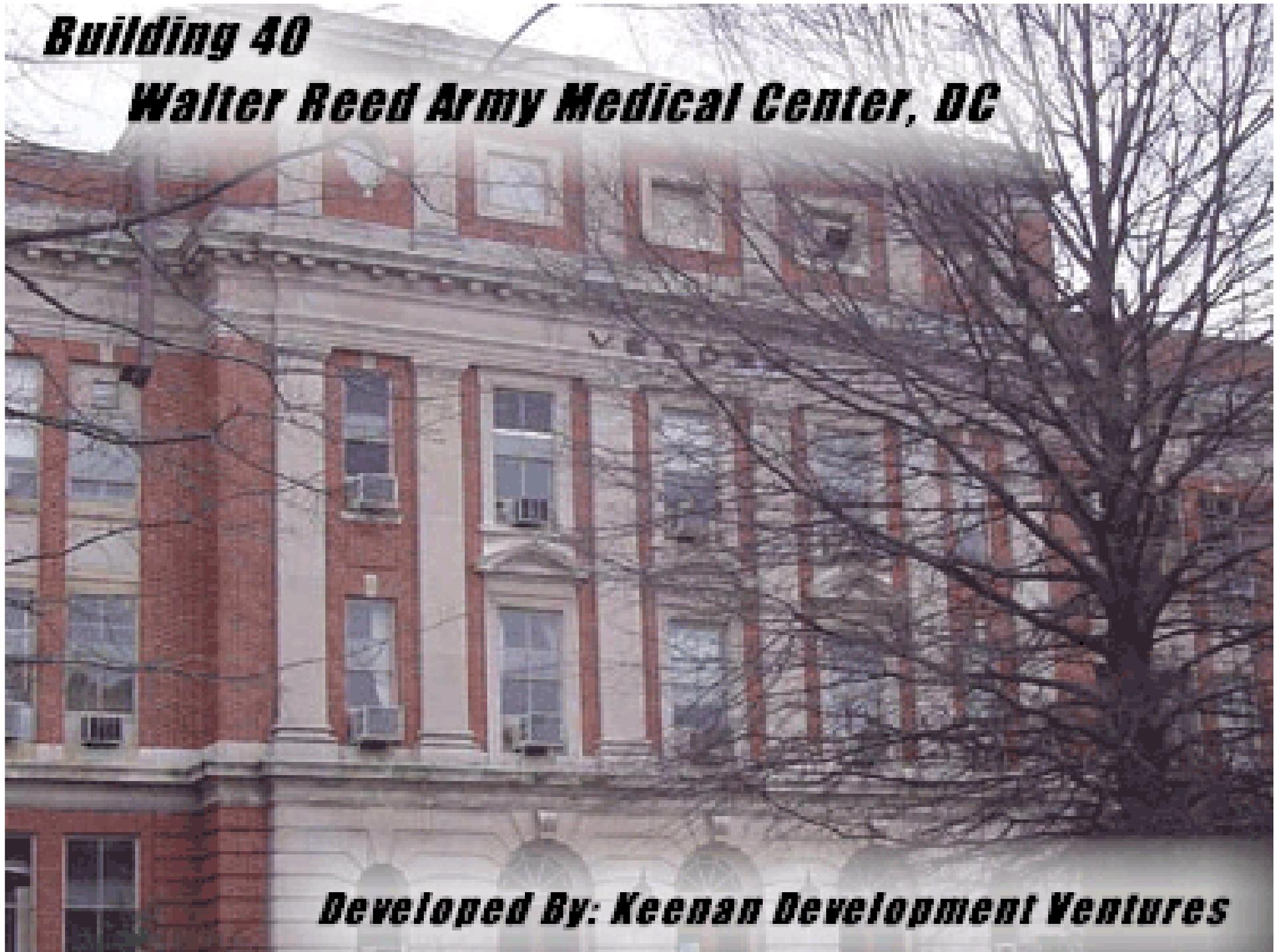
# Beach Pavilion Fort Sam Houston



***Building 40***

***Walter Reed Army Medical Center, DC***

***Developed By: Keenan Development Ventures***



# Old Beaumont Army Hospital Fort Bliss



***Fort Bliss, TX***



***Developed By: Federal Development***

# Open Land Fort Bliss



***Barker Circle  
Fort Monmouth, NJ***

***Developed By: Weston Solutions***





## Enhanced Use Leasing

# DISCUSSION 1 OF 2

- Non-excess real property
- Research indicates demand
- Cash or In-kind consideration
- Everybody wins





In-kind consideration





## Enhanced Use Leasing

# DISCUSSION 2 OF 2

## RESOURCES AVAILABLE

- Office of Assistant Chief of Staff Installation Management
- Local District Engineers (Baltimore & Fort Worth)



# GARRISON INCENTIVES

## 1 OF 2

- Training is available
- Support Is available to prepare
  - Feasibility studies
  - Environmental Baseline Surveys (EBS)
  - Reports of Availability (ROA)
  - NEPA documentation
  - Notice of lease (RFP/RFQ) Development



# GARRISON INCENTIVES

## 2 OF 2

- Avoids high maintenance costs relative to the market for similar buildings
- A need to modernize facilities
- Unleashes captive value from property
- Provides in-kind funding source for needed and un-funded capital improvements
- Federal requirements



# ARMY HISTORIC PROPERTY

- The Army has approximately 14,000 properties that are listed or eligible for listing on the National Register of Historic Places
- Over the next 30 years, another 50,000 Army buildings will be potentially eligible for listing
- Federal law requires the Army to preserve and maintain its historic properties, often at considerable cost



## Enhanced Use Leasing

# PRIVATE SECTOR INCENTIVES 1 OF 3

- Money
- A secure environment
- Potential tax credits
- Stature in the community
- Patriotic pride





## Enhanced Use Leasing

# PRIVATE SECTOR INCENTIVES 2 OF 3

- Developer captures market rates of return on design, construction, maintenance, leasing out to tenants, and property management activities
- Long-Term Relationship: Ground lease for assets could be for up to 50 years
- Sound Business Relationship with Federal government / Army



# PRIVATE SECTOR INCENTIVES 3 OF 3

- Approach is to minimize time and effort of bringing a development entity on board to perform work
- EUL is still in its early development stages and many more projects are anticipated across the country



## Enhanced Use Leasing

# ISSUES



- Up front money
- Can't write off failures
- Shortage of expertise
- Building standards
- Scoring





## Enhanced Use Leasing

# SCORING 1 OF 2

### OK

- Can provide prime lease underused real property to developer (can be 50 yrs)
- Must transfer ownership risks and costs to developer

### NOT OK

- Cannot link prime lease to federal leaseback of space
- Cannot provide federal guarantee of developer financing



## Enhanced Use Leasing

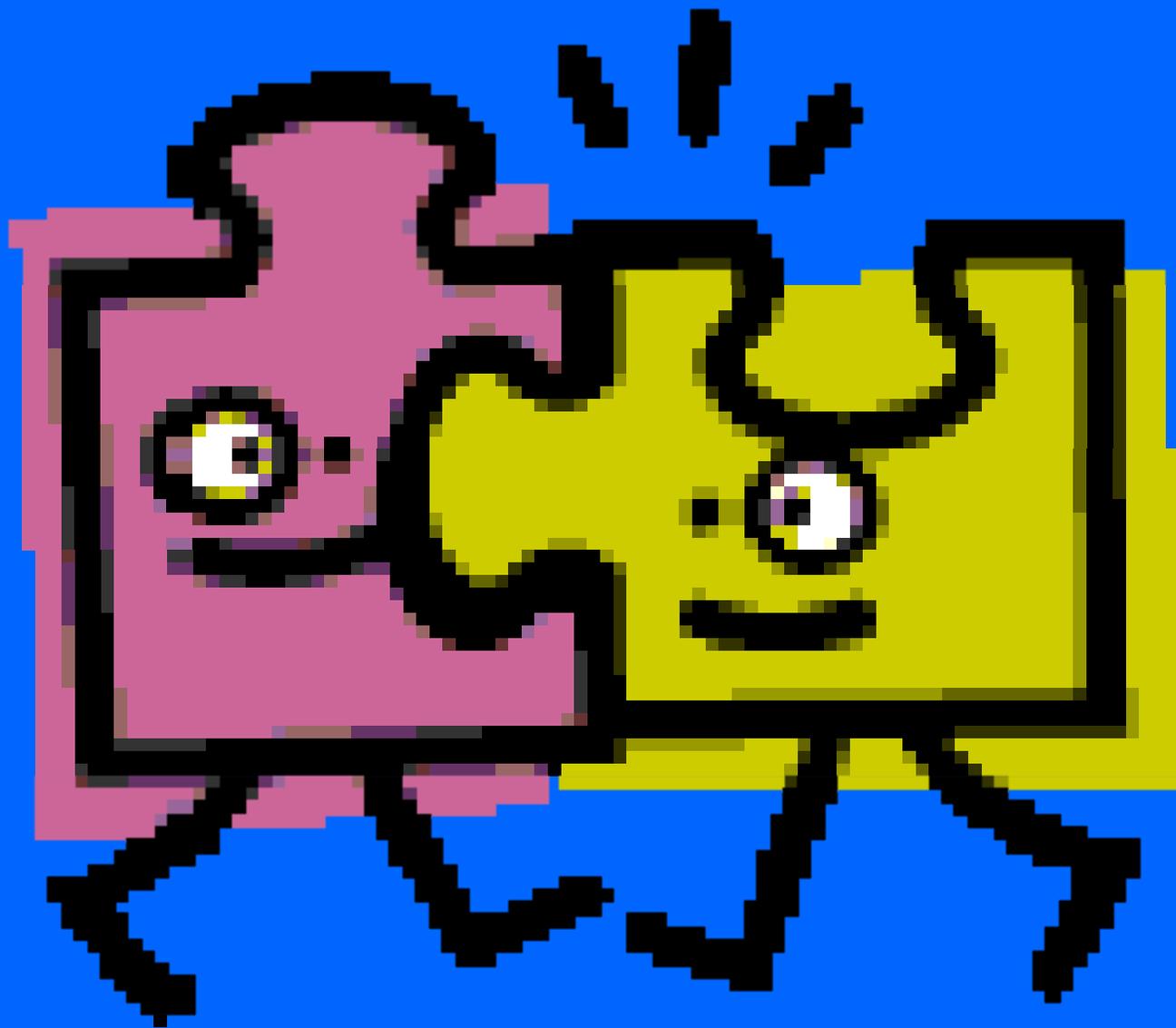
# SCORING 2 OF 2

### OK

- Prime lease “in-kind rent” can include provision of services or office space
- Space secured through competition under “operating lease” guidelines

### NOT OK

- Variable/contingent rent on prime lease could trigger capital lease on lease back
- Cannot link decision-making on space lease and contingent prime lease rent





# Enhanced Use Leasing

# OACSIM HOME PAGE



Welcome  
ASSISTANT CHIEF OF STAFF  
FOR INSTALLATION MANAGEMENT  
*The Army Proponent for Installations*



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## Organizational Links

- [ACSIM Structure](#)
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- [CFSC](#)
- [Competitive Sourcing](#)
- [ODEP](#)
- [Facilities and Housing](#)
- [IMA](#)
- [Plans and Operations](#)
- [Resource Integration](#)

## Topic Index

Last Update : 07 November 2003

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

- [A](#) (click on letter to return to top)
- [ACSIM Action Officer's Orientation](#)
- [Active Army Base List FY 02](#)
- [Activity-Based Costing](#)
- [Army Performance Improvement Criteria \(APIC\) Course](#)
- [Army Baseline Services Task Force Files](#)
- [AR 405-45, Real Property Inventory Management](#)
- [Army Barracks Master Plan FY 02](#)



# Enhanced Use Leasing



# HISTORIC PROPERTY PAGE



[home](#) | [ASA\(I&E\) privatization & partnerships](#) | [contact info](#)

- ABOUT
- FAQ
- REFERENCE MATERIALS
- ENVIRONMENTAL
- PHOTOS
- RELATED LINKS
- CONTACT INFO
- WHATS NEW
- CURRENT ACTIVITIES



Historic Properties

CURRENT ACTIVITIES	FORT MONROE	FORT BLISS
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## Enhanced Use Leasing

Kudos to the Walter Reed Army Medical Center EUL team for winning top honors from the National Association of Installation Developer's. The team received the Special Purpose Marketing award for their brochure. They also won the Excellence in Military Privatization for the two enhanced use lease projects at Walter Reed Army Medical Center. See What's New for detailed information.

WELCOME TO THE OFFICIAL ARMY WEB SITE  
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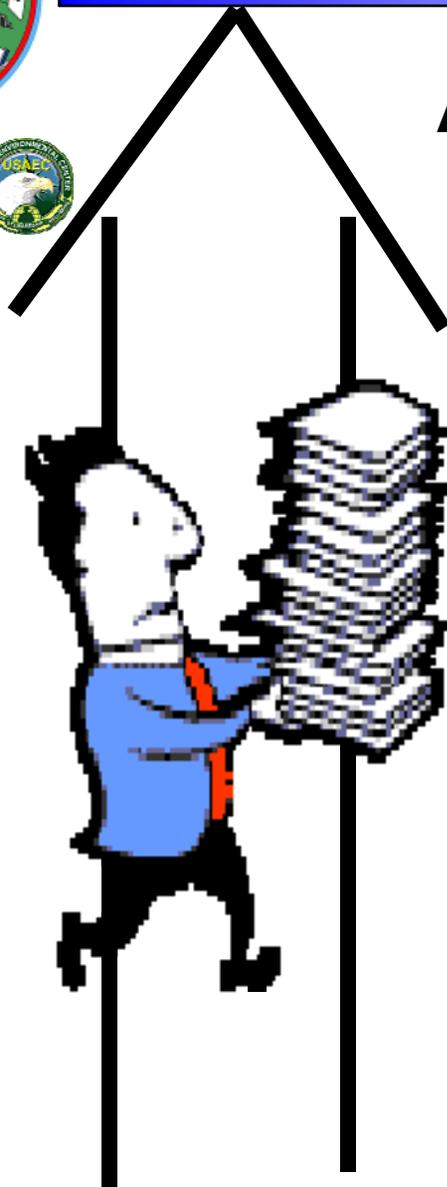
U.S. Army Corps of Engineers

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[Home](#)  
[About EUL](#)  
[Contacts](#)  
[Frequently Asked Questions](#)  
[Procedures & Guidance](#)  
[Upcoming Industry Forums](#)  
[EUL Opportunities](#)  
[Potential EUL Opportunities](#)  
[Acronyms & Abbreviations](#)  
[Briefings](#)  
[What's New](#)  
[Other Projects of Interest](#)

# Enhanced Use Leasing



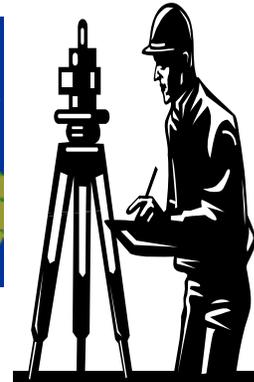
## APPROACH

- Bottoms Up
- Garrison / Installation
- Region
- Installation Management Agency (IMA)
- Office Assistant Chief of Staff for Installation Management
- Deputy Assistant Secretary Army (Installations and Housing)
- Congressional Notification



# ARMY EUL PROCESS

## 1 OF 2



**Identify Available Assets**



**Perform Economic/Market Studies**



**Develop Solicitation**

Installation identifies potential non-excess real estate assets for enhanced use lease

Market research and preliminary studies determine potential viability of EUL project

Scope of EUL project is finalized and solicitation is drafted

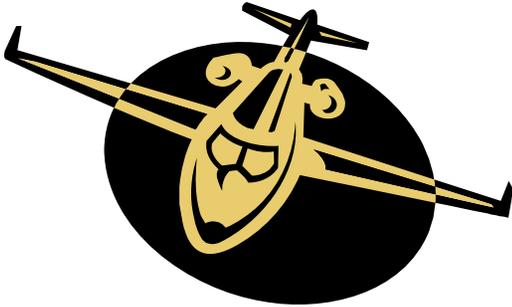
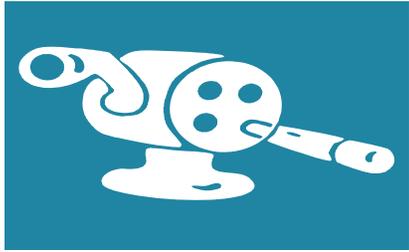


# Enhanced Use Leasing

## ARMY EUL PROCESS

### 2 OF 2

**Invitation Industry Forum**



**Evaluate Proposals**



**Finalize & Close With Developer**

Bids are evaluated against solicitation criteria and Successful Offeror is selected

Successful Offeror and Army co-develop plan to address construction, financial, and management details of project

Ground lease drafted by Army and is signed by Successful Offeror



# TYPICAL ARMY EUL WORKING GROUP

OACSIM ACTION OFFICER  
ERICH KURRE

USACE DISTRICT  
BOB PENN

IMA ACTION OFFICER

GARRISON REAL ESTATE  
OR ACTION OFFICER



REGION ACTION OFFICER

OTHERS MAY INCLUDE  
GARRISON MASTER PLANNER,  
ENVIRONMENTAL CONSERVATION OFFICER,  
FORCE PROTECTION OFFICER



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FOR U.S. ARMY**

**ENHANCED USE LEASING**